

Message Text

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46

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 CIAE-00

INR-07 NSAE-00 /066 W

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R 151424Z JUL 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 3703

U.S. DEPT OF COMMERCE WASHDC

INFO AMEMBASSY BONN

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

FUDKAR/AMEMBASSY BUCHAREST 1870

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUDAPEST 2232

DEPARTMENT PLEASE PASS TREASURY

E.O. 11652: NA

TAGS: EFIN, HU, GW

SUBJECT: HUNGARIAN BONDS FROM FRG

REF: BUDAPEST 3363 (DEC. 5, 1974)

1. WESTDEUTSCHE LANDES BANK GIROZENTRALE OF DUSSELDORF ALONG WITH
A CONSORTIUM OF OTHER WESTERN EUROPEAN BANKS HAS FLOATED A 100 MILLION

DEUTSCHE MARK BOND FOR THE HUNGARIAN NATIONAL BANK (HNB). BONDS
ARE FOR SIX YEARS AND BEAR 8.25 PERCENT INTEREST. BUDAPEST SOURCES
STATE THIS FIRST TIME SOCIALIST BANK HAS FLOATED BOND ISSUE IN
DEUTSCHE MARKS; AND THEY CLAIM ISSUE ALREADY OVERSUBSCRIBED. FUNDS
WILL REPORTEDLY BE USED TO FINANCE "STRUCTURAL TRANSFORMATION" OF
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ECONOMY.

2. ON EXCELLENT AUTHORITY EMBASSY HAS ALSO LEARNED THAT JANOS FEKETE, VICE PRESIDENT HNB, THOROUGHLY PLEASED WITH HIS GERMAN COUP. SINCE RATE FAR BETTER THAN 10-1/2 PERCENT CHARGED HUNGARY BY KUWAITIS IN THEIR 8-YEAR, \$40 MILLION DECEMBER 1974 LOAN (REFTEL), FEKETE ALREADY NEGOTIATING ACTIVELY W YH OTHER FRG COMMERCIAL BANKS TO FLOAT ONE OR MORE ADDITIONAL DM LOANS OF COMPARABLE SIZE.

3. COMMENT: HUNGARY'S URGENT NEED FOR FOREIGN EXCHANGE CREDITS CONTINUES. IF THE PROVISIONS OF THE JOHNSON ACT WERE EVER LIFTED, ONE COULD EXPECT COMRADE FEKETE TO VISIT MANHATTAN VERY SHORTLY THEREAFTER.

MCAULIFFE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, CAPITAL FLOWS, INTEREST RATES, STOCKS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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Original Handling Restrictions: n/a
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Review Markings:

Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
06 JUL 2006

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TAGS: EFIN, HU, GE
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